

Hearing Date: September 27, 2007
Hearing Time: 10:00 a.m. (prevailing Eastern time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11	
	:		
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)	
	:		
	:	(Jointly Administered)	
Debtors.	:		
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DEBTORS' REPLY IN SUPPORT OF DEBTORS' EXPEDITED MOTION FOR ORDER
UNDER 11 U.S.C. § 363(b) AND FED. R. BANKR. P. 6004 AUTHORIZING AND
APPROVING ENTRY INTO AND PERFORMANCE OF LICENSE AGREEMENT WITH
GENERAL MOTORS GLOBAL TECHNOLOGY OPERATIONS, INC. AND
GENERAL MOTORS CORPORATION

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), submit this reply (the "Reply") in support of the Debtors' Expedited Motion For An Order Pursuant To 11 U.S.C. § 363(b) And Fed. R. Bankr. P. 6004 Authorizing And Approving Entry Into And Performance Of License Agreement With General Motors Global Technology Operations, Inc. And General Motors Corporation, dated September 17, 2007 (the "Motion"):

Preliminary Statement

1. The Debtors filed the Motion seeking authority for Delphi and Delphi Technologies Incorporated ("DTI") to enter into and perform their obligations under a license agreement (the "License Agreement") with General Motors Global Technology Operations, Inc. ("GMGTO") and General Motors Corporation ("GM," and together with GMGTO, the "GM Entities"). As explained in the Motion, implementation of the License Agreement will assist the Debtors in their efforts to minimize the impact on GM, the Debtors' largest customer, of the Debtors' plan to exit various non-core businesses as part of Delphi's transformation plan.

2. Responses to the Motion were due by 4:00 p.m. (prevailing Eastern time) on September 24, 2007. No objections have been filed. Although the Official Committee of Unsecured Creditors (the "Creditors' Committee") filed a "reservation of rights" (the "Committee Response") in response to the Motion on September 24, 2007 (Docket No. 9563), the Creditors' Committee expressly stated therein that "the Committee [was] not objecting to the relief requested" in the Motion. Committee Response ¶ 1.

3. The Creditors' Committee's reservation of rights does not relate to the terms of License Agreement. Of professed concern to the Creditors' Committee is the distribution among the Debtors of the \$38.5 million in proceeds that the GM Entities will pay as

consideration for the intellectual property and related services that Delphi and DTI will provide under the License Agreement.

4. Neither the License Agreement nor the proposed order submitted with the Motion contains any provision addressing the distribution of proceeds among the Debtors. The License Agreement simply states that "GM shall pay to DELPHI the sum of Thirty Eight Million Five Hundred Thousand Dollars." License Agreement § 4.1. The License Agreement defines "DELPHI" as Delphi and DTI together. License Agreement, Preamble. The proposed order submitted with the Motion makes no mention of the distribution of proceeds.

5. As a consequence, nothing in the License Agreement or the proposed order submitted with the Motion could reasonably be construed to impair any rights that any party may have in connection with the distribution of proceeds under the License Agreement among various Debtor entities.

6. Nevertheless, as an accommodation to the Creditors' Committee, the Debtors have offered to insert an additional provision in the proposed order in response to the Creditors' Committee's concerns. The additional language, for which the Creditors' Committee has confirmed its support, provides as follows:

Nothing in the Motion, this Order, the License Agreement, the performance of any obligation thereunder, or any other document shall prejudice any right or remedy of any Debtor against any other Debtor with respect to the allocation of (i) any payment under the License Agreement by GM to any Debtor or (ii) any obligation incurred by Delphi or DTI under the License Agreement, all of which rights or remedies (if any) are expressly reserved.

7. A blacklined version of the proposed order as amended is attached hereto as Exhibit A.

WHEREFORE the Debtors respectfully request that the Court enter an order (a) granting the Motion, subject to the modifications made to the proposed order as set forth in Exhibit A hereto, and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York
September 26, 2007

SKADDEN, ARPS, SLATE, MEAGHER
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Exhibit A
Revised Order